

**EIGHTY-SEVENTH GENERAL ASSEMBLY
2018 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

March 22, 2018

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

Bill	Amendment	Action	Sponsor
<u>SF 361</u>	<u>H-8309</u>		OLSON of Polk
<u>SF 2311</u>	<u>H-8306</u>		VANDER LINDEN of Mahaska
<u>SF 2347</u>	<u>H-8307</u>		SEXTON of Calhoun
<u>SF 2347</u>	<u>H-8308</u>		SEXTON of Calhoun
<u>SF 2349</u>	<u>H-8304</u>		OLDSON of Polk
<u>SF 2349</u>	<u>H-8305</u>		PETTENGILL of Benton

Fiscal Notes

[SF 2216](#) — [School Infrastructure, Secure Advanced Vision for Education Extension](#) (LSB5167XS)

[HF 2364](#) — [Agricultural Organization Health Benefit Plans, Insurance Regulation Exemption](#) (LSB6157HV)

SENATE FILE 361

H-8309

1 Amend Senate File 361, as passed by the Senate, as follows:
2 1. Page 1, after line 27 by inserting:
3 <2A. a. If a parent, guardian, or legal custodian executes
4 a power of attorney under this chapter, the parent, guardian,
5 or legal custodian shall, no later than seven days after
6 executing the power of attorney, provide all of the following
7 to the clerk of the probate court:
8 (1) Notification that a power of attorney has been executed.
9 (2) A copy of the power of attorney.
10 (3) The name, address, and telephone number of the agent
11 appointed.
12 b. Failure to comply with the provisions of paragraph "a"
13 renders the protections provided in subsection 6 inapplicable.>
14 2. By renumbering, redesignating, and correcting internal
15 references as necessary.

By OLSON of Polk

H-8309 FILED MARCH 21, 2018

SENATE FILE 2311

H-8306

- 1 Amend Senate File 2311, as amended, passed, and reprinted by
- 2 the Senate, as follows:
- 3 1. By striking page 17, line 15, through page 18, line 34.
- 4 2. By renumbering as necessary.

By VANDER LINDEN of Mahaska

H-8306 FILED MARCH 21, 2018

SENATE FILE 2347

H-8307

- 1 Amend Senate File 2347, as passed by the Senate, as follows:
- 2 1. Page 2, by striking lines 20 through 24 and inserting:
- 3 <2. A person who violates any of the provisions of this
- 4 section commits the following:
- 5 a. For a first offense, a simple misdemeanor.
- 6 b. For a second or subsequent offense, a serious
- 7 misdemeanor.>

By SEXTON of Calhoun

H-8307 FILED MARCH 21, 2018

SENATE FILE 2347

H-8308

- 1 Amend Senate File 2347, as passed by the Senate, as follows:
- 2 1. Page 1, line 22, after <liters> by inserting <per
- 3 calendar month>
- 4 2. Page 2, by striking lines 20 through 24 and inserting:
- 5 <2. A person who violates any of the provisions of this
- 6 section commits the following:
- 7 a. For a first offense, a simple misdemeanor.
- 8 b. For a second or subsequent offense, a serious
- 9 misdemeanor.>

By SEXTON of Calhoun

H-8308 FILED MARCH 21, 2018

SENATE FILE 2349

H-8304

1 Amend the amendment, H-8303, to Senate File 2349, as passed
2 by the Senate, as follows:

3 1. By striking page 1, line 1, through page 4, line 35, and
4 inserting:

5 <Amend Senate File 2349, as passed by the Senate, as follows:

6 _____. By striking everything after the enacting clause and
7 inserting:

8 <Section 1. Section 507A.4, subsection 9, Code 2018, is
9 amended to read as follows:

10 9. a. Transactions involving a multiple employer welfare
11 arrangement, as defined in section 3 of the federal Employee
12 Retirement Income Security Act of 1974, 29 U.S.C. §1002,
13 paragraph 40, if the multiple employer welfare arrangement
14 meets all of the following conditions:

15 (1) The arrangement is administered by an authorized
16 insurer or an authorized third-party administrator.

17 ~~{2} The arrangement has been in existence and provided~~
18 ~~health insurance in Iowa for at least five years prior to July~~
19 ~~1, 1997.~~

20 ~~{3}~~ (2) The arrangement ~~was~~ is established by a trade,
21 industry, or professional association of employers that
22 has a constitution or bylaws, and ~~has been~~ is organized and
23 maintained in good faith ~~for at least ten continuous years~~
24 ~~prior to July 1, 1997~~ with membership stability as defined by
25 rules adopted by the commissioner.

26 ~~{4}~~ (3) The arrangement registers with and obtains
27 and maintains a certificate of registration issued by the
28 commissioner ~~of insurance.~~

29 ~~{5}~~ (4) The arrangement is subject to the jurisdiction
30 of the commissioner ~~of insurance, including regulatory~~
31 ~~oversight~~ and complies with all rules and solvency standards as
32 established ~~by rules adopted by the commissioner of insurance~~
33 pursuant to chapter 17A.

34 b. A multiple employer welfare arrangement ~~registered with~~
35 ~~the commissioner of insurance~~ that does not meet the solvency

1 ~~standards~~ requirements established by ~~rule adopted by~~ the
2 ~~commissioner of insurance~~ is pursuant to chapter 17A shall be
3 subject to chapter 507C.

4 c. A multiple employer welfare arrangement that meets all
5 of the conditions of paragraph "a" shall not be considered any
6 of the following:

7 (1) An insurance company or association of any kind or
8 character under section 432.1.

9 (2) A member of the Iowa individual health benefit
10 reinsurance association under section 513C.10.

11 (3) A member insurer of the Iowa life and health insurance
12 guaranty association under section 508C.5, subsection 12.

13 d. A multiple employer welfare arrangement registered with
14 the ~~commissioner of insurance~~ shall file with the commissioner
15 ~~of insurance~~ on or before March 1 of each year a copy of the
16 report required to be filed by the multiple employer welfare
17 arrangement with the United States department of labor pursuant
18 to 29 C.F.R. §2520.101-2. A newly formed multiple employer
19 welfare arrangement shall file with the commissioner a copy
20 of the report required to be filed pursuant to 29 C.F.R.
21 §2520.101-2 by a newly formed multiple employer welfare
22 arrangement with the United States department of labor thirty
23 days prior to operating in any state. The copy shall be filed
24 with the commissioner within thirty calendar days of the date
25 that the multiple employer welfare arrangement files the report
26 with the United States department of labor.

27 e. ~~When not otherwise provided, a~~ A foreign or domestic
28 multiple employer welfare arrangement doing business in this
29 state shall pay ~~to the commissioner of insurance~~ the fees
30 ~~as required in pursuant to~~ section 511.24 unless otherwise
31 provided by law.

32 Sec. 2. Section 509.1, Code 2018, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 8A. A policy of group health insurance
35 coverage issued to an associated health plan pursuant

1 to section 513D.1 that is subject to regulation by the
2 commissioner.

3 Sec. 3. Section 509.1, subsection 9, unnumbered paragraph
4 1, Code 2018, is amended to read as follows:

5 A policy issued to a resident of this state under a group
6 life, accident, or health insurance policy issued to a group
7 other than one described in subsections 1 through 8 8A, subject
8 to the following requirements:

9 Sec. 4. NEW SECTION. 513D.1 **Association health plans.**

10 The commissioner shall adopt rules that allow for the
11 creation of association health plans that are consistent with
12 the United States department of labor's regulations in 29
13 C.F.R. pt. 2510. An association health plan created pursuant
14 to this chapter shall comply with chapter 514C and shall not
15 deny, exclude, or limit benefits for a member based on a
16 member's preexisting condition.

17 Sec. 5. NEW SECTION. 513D.2 **Rules and enforcement.**

18 1. The commissioner shall adopt rules, as necessary,
19 pursuant to chapter 17A to administer this chapter.

20 2. The commissioner may take any enforcement action under
21 the commissioner's authority to enforce compliance with this
22 chapter and chapter 514C.>>

By OLDSOON of Polk

H-8304 FILED MARCH 21, 2018

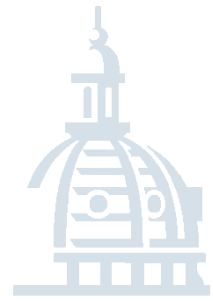
SENATE FILE 2349

H-8305

- 1 Amend Senate File 2349, as passed by the Senate, as follows:
- 2 1. Page 1, line 32, after <arrangement> by inserting <that
- 3 is recognized as tax-exempt under Internal Revenue Code section
- 4 501(c)(9) and>
- 5 2. Page 3, line 6, after <pt. 2510.> by inserting <A
- 6 multiple employer welfare arrangement that is recognized as
- 7 tax-exempt under Internal Revenue Code section 501(c)(9) and
- 8 that is registered with the commissioner prior to January 1,
- 9 2018, shall not be considered an association health plan unless
- 10 the multiple employer welfare arrangement affirmatively elects
- 11 to be treated as an association health plan.>
- 12 3. Page 3, by striking lines 13 through 20.

By PETTENGILL of Benton

H-8305 FILED MARCH 21, 2018



SF 2216 – Secure an Advanced Vision for Education Extension (LSB5423YC)
Analyst: Josie Gerrietts (515.238.2833) josie.gerrietts@legis.iowa.gov
Fiscal Note Version – New

Description

Senate File 2216 (Secure an Advanced Vision for Education Extension) contains two provisions regarding the Secure an Advanced Vision for Education (SAVE) and Property Tax Equity Relief (PTER) funds. The Bill provides for the extension of the one-cent sales tax that is distributed to school districts for the following uses:

- Reduction of bond levies.
- Reduction of regular and voted physical, plant, and equipment levies (PPEL).
- Reduction of the public educational and recreation levy (PERL).
- Authorized infrastructure projects.
- Payment of principal and interest on bonds issued under the School Infrastructure Local Option (SILO) Sales Tax or SAVE.

The Bill extends the sunset of SAVE to January 1, 2050, and adjusts the amount of funds being directed into the PTER fund. For fiscal years in which the growth of SAVE is more than 2.0% over the previous fiscal year, the amount directed into the PTER Fund will increase by 1.0%, until it reaches a cap of 10.0% of the funds generated by SAVE.

Background

During the 2008 Legislative Session, the General Assembly enacted **HF 2663** (State Sales and Use Tax for School Infrastructure Act). Beginning July 1, 2008, the Act repealed the SILO Sales Tax, which was enacted by individual counties; increased the State sales tax from 5.0% to 6.0%; and designated the increase to be used for school infrastructure purposes and property tax relief. The State sales/use tax for school infrastructure (SAVE) is currently set to be repealed at the end of 2029.

In FY 2015, the rate of distribution into the PTER Fund was set at 2.1% of the total funding generated by the 1.0% SAVE sales tax. The remaining 97.9% of the 1.0% sales tax is distributed on a per pupil basis to school districts. The PTER funding generated by SAVE is combined with an annual \$24.0 million General Fund standing appropriation and is used within the State school aid formula to reduce the additional property tax levy for districts with the highest property tax rates. For the purpose of the FY 2018 school aid formula, the 2.1% allocation generated \$9.7 million, or a total of \$33.7 million, in funding for PTER, which was distributed across 61 school districts with the highest additional property tax rates. The FY 2018 PTER distribution was based on the total FY 2016 generated by SAVE.

Assumptions

- Estimated FY 2017 and FY 2018 increases in SAVE are set at a 2.45% growth rate.
- The growth rate for estimated FY 2019 to FY 2050 is set at 2.48% based on the average annual growth of SAVE from FY 2009 to estimated FY 2017.
- The amount of the PTER Fund transfer will increase by 1.0% annually beginning in FY 2019 until FY 2026, when it will reach 10.0%. If SAVE revenue does not grow at a greater than

2.0% rate each year between FY 2019 and FY 2026, it may take longer to reach the 10.0% cap.

Fiscal Impact

Table 1 shows the estimated fiscal impact on distribution to schools for SAVE purposes and distribution to the PTER Fund until FY 2050. Fiscal Year 2050 is a half fiscal year.

Table 1

Estimated Changes to SAVE and PTER - HF 2438						
Fiscal Year	Est. SAVE Fund Growth Rate	SAVE Allocation to School Districts	Percent Change In School Allocation	Percent Allocated To PTER	Total Funding Allocated to PTER	
FY 2017	2.45%	\$ 454,315,075	2.45%	2.10%	\$	9,745,267
FY 2018	2.45%	465,441,764	2.45%	2.10%		9,983,940
FY 2019	2.48%	472,112,557	1.43%	3.10%		15,103,704
FY 2020	2.48%	478,827,956	1.42%	4.10%		20,471,268
FY 2021	2.48%	485,586,071	1.41%	5.10%		26,095,774
FY 2022	2.48%	492,384,890	1.40%	6.10%		31,986,665
FY 2023	2.48%	499,222,276	1.39%	7.10%		38,153,694
FY 2024	2.48%	506,095,959	1.38%	8.10%		44,606,934
FY 2025	2.48%	513,003,536	1.36%	9.10%		51,356,790
FY 2026	2.48%	520,520,815	1.47%	10.00%		57,835,646
FY 2027	2.48%	533,429,732	2.48%	10.00%		59,269,970
FY 2028	2.48%	546,658,789	2.48%	10.00%		60,739,865
FY 2029	2.48%	560,215,927	2.48%	10.00%		62,246,214
FY 2030	2.48%	574,109,282	2.48%	10.00%		63,789,920
FY 2031	2.48%	588,347,192	2.48%	10.00%		65,371,910
FY 2032	2.48%	602,938,202	2.48%	10.00%		66,993,134
FY 2033	2.48%	617,891,070	2.48%	10.00%		68,654,563
FY 2034	2.48%	633,214,768	2.48%	10.00%		70,357,196
FY 2035	2.48%	648,918,495	2.48%	10.00%		72,102,055
FY 2036	2.48%	665,011,673	2.48%	10.00%		73,890,186
FY 2037	2.48%	681,503,963	2.48%	10.00%		75,722,663
FY 2038	2.48%	698,405,261	2.48%	10.00%		77,600,585
FY 2039	2.48%	715,725,712	2.48%	10.00%		79,525,079
FY 2040	2.48%	733,475,709	2.48%	10.00%		81,497,301
FY 2041	2.48%	751,665,907	2.48%	10.00%		83,518,434
FY 2042	2.48%	770,307,221	2.48%	10.00%		85,589,691
FY 2043	2.48%	789,410,840	2.48%	10.00%		87,712,316
FY 2044	2.48%	808,988,229	2.48%	10.00%		89,887,581
FY 2045	2.48%	829,051,137	2.48%	10.00%		92,116,793
FY 2046	2.48%	849,611,605	2.48%	10.00%		94,401,289
FY 2047	2.48%	870,681,973	2.48%	10.00%		96,742,441
FY 2048	2.48%	892,274,886	2.48%	10.00%		99,141,654
FY 2049	2.48%	914,403,303	2.48%	10.00%		101,600,367
FY 2050	2.48%	468,540,253	-48.76%	10.00%		52,060,028

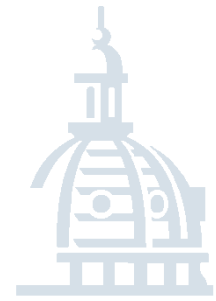
Sources

Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

March 21, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2364 – Agricultural Organization Health Benefit Plans, Insurance Regulation Exemption (LSB6157HV)

Analyst: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Fiscal Note Version – New

Description

House File 2364 provides that health benefit plans sponsored by a nonprofit agricultural organization domiciled in the State will not be classified as health insurance, and will not be subject to regulation by the Commissioner of the Iowa Insurance Division if requirements outlined within the Bill are met. The health benefit plans are to be provided through a self-funded arrangement and administered by a domestic third-party administrator that holds a certificate of registration issued by the Commissioner.

Background

In 2017, approximately 153,000 Iowans purchased health insurance directly, instead of through an employer. Of these individuals, 105,000 purchased insurance through Affordable Care Act (ACA) off-exchange plans, grandfathered policies, or transitional policies. The remaining 48,000 individuals purchased insurance through online health exchanges. Approximately 26,000 individuals left the ACA individual health insurance market between 2017 and 2018 due to an inability to afford ACA-compliant health insurance premiums. These individuals were not eligible for federal subsidies. The Iowa Insurance Division projects that approximately 20,000 individuals will leave the ACA individual health market in 2018 for these reasons.

Assumptions

An analysis conducted by the Iowa Department of Revenue assumes there are two groups who may elect to purchase coverage under the proposed health benefit plan. One group is comprised of the 20,000 individuals that the Iowa Insurance Division anticipates will leave the ACA individual health insurance market due to an inability to afford ACA-compliant health insurance premiums and ineligibility for federal subsidies, as they would otherwise be uninsured. The second group includes 4,000 insured individuals who would find more favorable premium levels within the proposed health benefit plans, causing these individuals to migrate toward these health benefit plans and away from their current insurance plans. This analysis assumes the following:

- The health benefit plans currently under consideration are sponsored by Farm Bureau to be administered by Wellmark Blue Cross Blue Shield.
- Health benefit plan coverage will begin July 2018. The Bill applies retroactively to tax years beginning on or after January 1, 2018.
- The average annual cost of the health benefit plans would be \$5,000 for each participating household.
- The 4,000 insured individuals are currently paying an average annual premium of \$17,000 for each household.
- Participating taxpayers who choose to itemize deductions will be able to file a federal Schedule F (Profit or Loss from Farming) and take the health insurance premium deduction on their Iowa individual income tax returns.

- The average marginal tax rate will be 4.9% for all Iowans filing a federal Schedule F and taking the Iowa health insurance premium deduction for tax year 2018.
- 11.9% of taxpayers choosing to itemize deductions for the 2018 tax year will not take the health insurance premium deduction on their Iowa individual income tax returns, and instead, will deduct unreimbursed medical and dental expenses on the Iowa Schedule A (to the extent these expenses exceed 10.0% of the taxpayer's federal Adjusted Gross Income). When extrapolated to the uninsured 20,000 individuals electing to purchase one of the proposed health benefit plans, this percentage is comprised of approximately 2,380 individuals within the uninsured group. The amount these previously uninsured individuals will claim as deductions is expected to decrease by \$11,000 due to health benefit plan coverage.

Fiscal Impact

Taxpayers participating in one of the proposed health benefit plans may choose to file a federal Schedule F once covered under a health benefit plan, thus reducing their collective Iowa individual income tax liability by an estimated \$4.9 million at the marginal tax rate of 4.9%. However, this fiscal impact is reduced by the forecasted decrease in claimed medical expenses by the aforementioned 2,380 individuals electing to claim medical expenses, as the decreased claim amount is expected to increase their collective Iowa individual tax liability by \$1.2 million for tax year 2018. Because coverage is assumed to start July 2018, the partial-year application of this impact for FY 2019 is \$1.8 million, and the full-year impact for FY 2020 is \$3.7 million.

The 4,000 individuals with existing insurance who elect to purchase coverage under one of the proposed health benefit plans will leave insurance companies that are required to pay the Iowa insurance premium tax on their premiums. No longer collecting the tax revenue for these premiums will cause an estimated \$0.7 million decrease in tax revenue that would have otherwise been deposited into the General Fund. However, this group would claim a lower health insurance premium deduction due to the lower premium amount under one of the proposed health benefit plans, which would increase their collective Iowa individual income tax liability by \$2.4 million. These two factors create a positive net General Fund fiscal impact of \$1.7 million in FY 2020.

The total net fiscal impact to the General Fund in FY 2019 is a reduction of approximately \$1.8 million and in FY 2020 is a reduction of approximately \$2.0 million.

HF 2364, Estimated Fiscal Impact to General Fund		
Health Benefit Plan Participants	FY 2019	FY 2020
20,000 Uninsured	\$ (1,821,068)	\$ (3,744,117)
4,000 Insured	0	1,744,836
Total	\$ (1,821,068)	\$ (1,999,281)

Sources

Iowa Department of Revenue Individual Income Tax Micro Model
Iowa Insurance Division
Wellmark

/s/ Holly M. Lyons

March 21, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
